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EXAMINER

SHRESTHA, BIJENDRA K

ART UNIT	PAPER NUMBER
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3691

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/679,071

Applicant(s)

WOODRUFF ET AL.

Examiner

Bijendra K. Shrestha

Art Unit

3691

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 02 November 2007.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-30 and 41-43 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☐ Claim(s) 1-30 and 41-43 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date <u>11/02/2007</u> | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claims 1-41 are presented for examination. Applicant filed an amendment on 11/02/2007 canceling claims 31-40 and adding new claims 42-43. After careful consideration of applicant's arguments and amendments, Examiner maintains the rejections by using additional reference as set forth in detail below. Applicant's arguments with respect to claims have been considered but are moot in view of the new ground(s) of rejection.

Double Patenting

The applicant is respectfully requested to submit terminal disclaimers for provisional double patenting rejection of the application over Application Nos. 10/679,054 and 10/677,172 as provided in the first office action.

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 1-3, 10-15, 30 and 41-43 are rejected under 35 U.S.C. 103(a) as being unpatentable over Aberman et al., U.S. Pub No. 2006/0218069 (reference A in attached

PTO-892) in view Noraev et al., U. S. Patent No. 7,249,083 (reference B in attached PTO-892).

3. As per claim 1, Aberman et al. teach a unit having a stated amount (see paragraph [0053]; where REIT issues 6 million equity units preferred stock for about \$150 million), comprising:

a fixed income security having a principal amount, a maturity date and an interest rate (see paragraph [0053] and [0058]; where 6 million equity units preferred stock for about \$150 million is issued matures at the end of three years period; the examiner notes that preferred stock is hybrid security having characteristics of bond and stock in some way and another); and

a forward purchase contract (see paragraph [0053], wherein the fixed income security and the forward purchase contract are separable (see Fig. 2, paragraph [0030] and [0058]),

wherein the forward purchase contract obligates a holder of the forward purchase contract to purchase a quantity of equity securities from an issuer of the unit at a settlement price no later than a settlement date specified in the forward purchase contract (see paragraph [0034] and [0053]),

Aberman et al. do not teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.

Noraev et al. teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued (see column 2, lines 31-35).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to including teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued of Aberman et al. because Noraev et al. teach that incorporating above features avoid dilution of equity and potential dilution can be adjusted by purchasing call spread (Noraev et al., column 2, lines 41-45).

4. As per claim 2, Aberman et al. in view Noraev et al. teach claim 1 as described above. Aberman et al. further teach the unit, wherein

the principal amount of the fixed income security equals the stated amount of the unit (see paragraph [0053]; where stated amount is 6 million units of preferred security).

5. As per claim 3, Aberman et al. in view Noraev et al. teach claim 2 as described above. Aberman et al. further teach the unit, wherein

a. the maturity date of the fixed income security is at least two years after the specified settlement date of the forward purchase contract (see paragraph [0053] and [0058]; where 3 year forward purchase commitment or purchase contract is assigned for each investment unit).

6. As per claim 10, Aberman et al. in view Noraev et al. teach claim 1 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is a bond (see paragraph [0053]; the Examiner notes that preferred security is hybrid security, similar to bond in some respect).

7. As per claim 11, Aberman et al. in view Noraev et al. teach claim 1 as described above. Aberman et al. further teach the unit, wherein

the issuer of the unit is not the issuer of the equity securities (see paragraph [0030] and [0034]).

8. As per claim 12, Aberman et al. in view Noraev et al. teach claim 1 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is issued by a parent of the issuer of the unit (see paragraph [0034]).

9. As per claim 13, Aberman et al. in view Noraev et al. teach a method, comprising:

issuing a unit, the unit including a fixed income security and a forward purchase contract, wherein the fixed income security and the forward purchase contract are separable; and purchasing, by a holder of the forward purchase contract, a quantity of equity securities from an issuer of the unit at a settlement price no later than a settlement date specified in the forward purchase contract (see Fig. 1 and 2; paragraph [0028] and [0053]),

Aberman et al. do not teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.

Noraev et al. teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued (see column 2, lines 31-35).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to including teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued of Aberman et al. because Noraev et al. teach that incorporating above features avoid dilution of equity and potential dilution can be adjusted by purchasing call spread (Noraev et al., column 2, lines 41-45).

10. As per claim 14, Aberman et al. in view Noraev et al. teach claim 13 as described above. Aberman et al. further teach the method, wherein

the equities securities include common stock (see Fig. 1; paragraph [0053] and [0058]).

11. As per claim 15, Aberman et al. in view Noraev et al. teach claim 13 as described above. Aberman et al. further teach the method, wherein

the fixed income security is a bond (see paragraph [0053]; the Examiner notes that referred security is hybrid security, similar to bond in some respect).

12. As per claim 30, Aberman et al. in view Noraev et al. teach claim 13 as described above.

Aberman et al. further teach the method, wherein

the issuer of the unit is not the issuer of the equity securities (see Fig.1 paragraph [0028] and [0053]).

13. As per claim 41-43, Aberman et al. teach a method, comprising a unit having a stated amount, the unit including:

a fixed income security having a principal amount, a maturity date and an interest rate(see paragraph [0053] and [0058]; where 6 million equity units preferred stock for about \$150 million is issued matures at the end of three years period; the examiner notes that preferred stock is hybrid security having characteristics of bond and stock in some way and another); and

a forward purchase contract, wherein the fixed income security and the forward purchase contract are separable (see Fig. 2, paragraph [0030] and [0053],

wherein the forward purchase contract obligates a holder of the forward purchase contract to purchase a quantity of equity securities from an issuer of the unit at a settlement price no later than a settlement date specified in the forward purchase contract (see paragraph [0034] and [0053]),

Aberman et al. do not teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.

Noraev et al. teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued (see column 2, lines 31-35).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to including teach the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued of Aberman et al. because Noraev et al. teach that incorporating above features avoid dilution of equity and potential dilution can be adjusted by purchasing call spread (Noraev et al., column 2, lines 41-45).

14. Claim 4-9 and 16-29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Aberman et al. U.S. Pub No. 2006/0218069 (reference A in attached PTO-892) in view of Pushka, U.S. Pub No. 2002/0103852 (reference C in attached PTO-892).

15. As per claim 4 and 16, Aberman et al. teach REIT holding and managing commercial mortgage loan assets and other assets to generate net income for distribution to its stockholders.

Aberman et al. do not teach forward purchase contract further obligates the issuer of the unit to make at least one forward purchase contract adjustment payment to the holder of the forward purchase contract prior to the settlement date.

Pushka teach forward purchase contract further obligates the issuer of the unit to make at least one forward purchase contract adjustment payment to the holder of the forward purchase contract prior to the settlement date (see paragraph [0124]).

Therefore, it would be prima facie obvious to one of ordinary skill in the art at the time the invention was made to include forward purchase contract further obligates the

issuer of the unit to make at least one forward purchase contract adjustment payment to the holder of the forward purchase contract prior to the settlement date of Aberman et al. because Pushka teaches forward contract requires issuer to pay the purchaser when interest earning difference falls below return (dividend) of proxy security (common stock) (Pushka, paragraph [0124]).

16. As per claim 5 and 17, Aberman et al. do not teach the amount of the at least one forward purchase contract adjustment payment is dependent upon the difference between the dividend rate on the equity securities and the interest rate.

Pushka teaches the amount of the at least one forward purchase contract adjustment payment is dependent upon the difference between the dividend rate on the equity securities and the interest rate (see paragraph [0124]).

Therefore, it would be prima facie obvious to one of ordinary skill in the art at the time the invention was made to include the amount of the at least one forward purchase contract adjustment payment is dependent upon the difference between the dividend rate on the equity securities and the interest rate of Aberman et al. because Pushka teaches forward contract requires issuer to pay the purchaser when interest earning difference falls below return (dividend) of proxy security (common stock) (Pushka, paragraph [0124]).

17. As per claim 6, Aberman et al. teach claim 5 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is issued by the issuer of the unit (see paragraph [0053]).

18. As per claim 7, Aberman et al. teach claim 5 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is issued by a subsidiary of the issuer of the unit (see paragraph [0034]).

19. As per claim 8, Aberman et al. teach claim 5 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is issued by a trust, wherein at least one of the issuer and a subsidiary of the issuer have an ownership interest in the trust (see paragraph [0053] and [0061]; where preferred securities is issued by Real Estate Investment Trust (REIT)).

20. As per claim 9, Aberman et al. teach claim 8 as described above. Aberman et al. further teach the unit, wherein

the fixed income security is a trust-preferred security (see paragraph [0053].

21. As per claim 18, Aberman et al. teach claim 17 as described above.

Aberman et al. further teach the method comprising
paying at least one interest payment to a holder of the fixed income security after issuance of the unit (see paragraph [0053]; where REIT generate net income to distribute to its stockholders).

22. As per claim 19, Aberman et al. teach claim 18 as described above. Aberman et al. further teach the method, wherein

the maturity date of the fixed income security of the unit is at least two years after the specified settlement date of the forward purchase contract (see paragraph [0053] and [0058]; where 3 year forward purchase commitment or purchase contract is assigned for each investment unit).

23. As per claim 20, Aberman et al. teach claim 18 as described above. Aberman et al. further teach the method comprising

the purchaser reselling the fixed income security (see paragraph [0059]).

24. As per claim 21, Aberman et al. teach claim 20 as described above. Aberman et al. further teach the method, wherein

reselling the fixed income security includes the purchaser reselling the fixed income security prior to the settlement date (see paragraph [0059]).

25. As per claim 22, Aberman et al. teach claim 21 as described above. Aberman et al. further teach the method, wherein

the holder of the forward purchase contract purchasing the quantity of equity securities includes the purchaser of the unit purchasing the quantity of equity securities with proceeds from resale of the fixed income security (see paragraph [0059]).

26. As per claim 23, Aberman et al. teach claim 17 as described above. Aberman et al. further teach the method comprising

a subsidiary of the issuer of the unit issuing the fixed income security (see Fig. 1; paragraph [0028] and [0053]).

27. As per claim 24, Aberman et al. teach claim 23 as described above. Aberman et al. further teach the method comprising

the issuer of the unit guarantying payment obligations of the subsidiary (see paragraph [0034] and [0034]).

28. As per claim 25, Aberman et al. teach claim 17 as described above. Aberman et al. further teach the method comprising

a trust issuing the fixed income security, wherein at least one of the issuer of the unit and a subsidiary of the issuer of the unit has an ownership interest in the trust (see Fig. 1; paragraph [0053]).

29. As per claim 26, Aberman et al. teach claim 25 as described above. Aberman et al. further teach the method comprising

the issuer of the unit guarantying payment obligations of the trust (see paragraph [0053]).

30. As per claim 27, Aberman et al. teach claim 25 as described above. Aberman et al. further teach the method, wherein

the fixed income security includes a trust- preferred security (see paragraph [0053]; where REIT issued preferred stock).

31. As per claim 28, Aberman et al. teach claim 25 as described above. Aberman et al. further teach the method comprising

the trust purchasing a second fixed income security (see Fig. 1; paragraph [[0010], [0027] and [0028]; where REIT issues common stock to the parent 40 in return of contribution of REIT-eligible asset (include second fixed income securities such as mortgage backed securities) by the parent).

32. As per claim 29 Aberman et al. teach claim 25 as described above. Aberman et al. further teach the method comprising

the trust purchasing a second fixed income security issued by a subsidiary of the issuer of the unit (see paragraph [0010] and [0028]; REIT exchanges REIT-eligible asset with its common stock with its parent; the Examiner interprets REIT-eligible asset includes second fixed income security).

Response to Arguments

33. Examiner maintains the rejections by using additional reference as set forth in detail above. Applicant's arguments with respect to claims have been considered but are moot in view of the new ground(s) of rejection. Accordingly, this office action is made **NON-FINAL**.

Conclusion

34. The prior art made of record and not relied upon is considered pertinent to applicant's disclosures. The following are pertinent to current invention, though not relied upon:

Aberman et al. (U.S. Pub No. 2003/0225656) teaches financial instruments and method.

Bodurtha et al. (U.S. Pub No. 2003/0182219) teach total return asset contracts and associated processing systems.

Farr (U.S. Patent No. 7,257,555) teaches method and system for providing dividend enhanced convertible stocks with acceleration triggers.

Fisher et al. (U.S. Pub No. 2004/0153388) teach method and system for coupling investments for project funding.

Daughtery , III (U.S. Patent No. 6,263,321) teaches apparatus and process for calculating an option.

Lancaster et al. (U.S. Pub No. 2002/0133456) teach system and method for using derivative financial product in capacity-driven industries.

Higgins (U.S. Pub No. 2002/0120542) teaches basket option hedging method.

Lange (U.S. Patent No. 6,321,212) teaches financial product having a demand-based adjustable return and trading exchange therefor.

Rifkin (U.S. Patent No. 7,257,556) teaches method and system for providing mandatory convertible securities with associated senior debt instrument

Williams et al. (U.S. Pub No. 2006/0212380) teach method for issuing, distributing, managing and redeeming investment instruments providing normalized annuity options.

Woodley (U.S. Pub No. 2002/0178111) teaches portfolio hedging method.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Bijendra K. Shrestha whose telephone number is (571)270-1374. The examiner can normally be reached on 7:00AM-4:30PM (Monday-Friday); 2nd Friday OFF.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571)272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

BKS/3691



Stefanos Karmis